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ABSTRACT

In this report a program of supported work developed by the Employment and Training Administration of the Department of Labor and the Ford Foundation is discussed. Supported work is designed for the disadvantaged, people who face barriers in seeking and holding regular jobs. A pilot program for former drug addicts was begun in 1972 by the Vera Institute of Justice in New York City. It was then expanded to test the potential of supported work programs to reduce dependency. The groups involved with supported work are AFDC recipients, high school dropouts, former drug addicts and criminal offenders, former alcoholics, and former mental patients. It is suggested that job creation programs for other dependent groups should also be tested on a broad scale. The need for careful design and coordination of such programs is emphasized. Three related programs assisted by the Ford Foundation (Tenant Management programs, Community Development Corporations, and Neighborhood Housing Services) are described. (Author/HC)

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Measuring Social Innovation

by Mitchell Sviridoff
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Adapted from remarks by Mitchell Sviridoff, vice president for National Affairs, the Ford Foundation, at the Governor's Manpower Council and Supported Work Conference, Madison, Wisconsin, July 7, 1977.

A note on other Ford Foundation activities with implications for social policy begins on page 11.,

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In the fall of 1973, national debate continued on the relative success and impact of federal anti-poverty initiatives that had emerged in the mid-1960s. Many of these programs continued into the early 1970s, in some cases at annual levels exceeding those of the previous decade. But the broad base of support and enthusiasm with which these policies had been enacted was clearly deteriorating. Although many of the agencies and institutions formed in the days of the Great Society continued to function, the dynamic pace and the promise of earlier days leveled off as enthusiasm waned. Results fell below expectations, and questions were raised about the approaches and methods of anti-poverty programs. Support for the programs was further eroded by an economic recession and by the political uncertainty brought on by the Watergate revelations. In the early seventies neither the federal bureaucracy nor the general public was receptive to innovative program ideas or new, large outlays of public funds.

The controversy over the limits of social policy had become a stalemate between advocates of more of the same and of no more of anything. Then, in the fall of 1973 representatives of the Employment and Training Administration of the federal Department of Labor and the Ford Foundation conceived an approach to social experimentation that attempted to build on a program that had shown promise locally and that could be subjected to rigorous testing in different locales and under a variety of conditions. The program chosen was supported work.

National Test of Supported Work

Supported work is designed for the most seriously disadvantaged, those people who face almost insuperable barriers in seeking and holding regular jobs. The key components of the program are: (1) an environment of low stress at the outset, with job demands increasing gradually as participants adapt to working conditions; and (2) work with peers from the same background who can support each other. Both components are designed to support the participant in the work environment. The objective is to move him to a point at which he can "graduate" into the regular labor market. It was not expected that all participants would succeed. But if even a limited number did, the experiment would make a contribution to manpower policy since few such participants have succeeded in traditional programs. Also, a substantial amount of the wages of supported workers, thanks to a waiver provision, consisted of converted welfare payments so that the program's claims on new public funds were significantly reduced. This made the cost-benefit relationship more favorable than that of traditional programs, which operate entirely on special appropriations.

Supported work was begun in 1972 by the Vera Institute of Justice as a pilot program for ex-drug addicts in New York City. The New York experiment, under a separate corporation called Wildcat, was expanded in 1975 into a national demonstration administered by the Manpower Demonstration Research Corporation (MDRC), a new nonprofit corporation established for this purpose and funded by the Labor Department and five other federal agencies and the Ford Foundation. The object was not to create a new nationally funded program or to pretest a program for general welfare reform or guaranteed jobs. Rather, the approach was to

test the potential of supported work to reduce dependency on a broader scale and with additional groups.

* * *

In many respects, the supported-work demonstration was a natural outgrowth of the manpower programming that emerged in this country in the early 1960s. Observers of manpower policy both inside and outside government soon came to recognize that these programs, however successful, failed in too many instances to reach the most seriously disadvantaged. They had also come to recognize, after the expenditure of billions of federal dollars, that too little was known about the effectiveness of various types of program intervention. The supported work demonstration could come to grips with both needs: (1) to move a fair number of those who are at the center of social disintegration in our communities into productive work; and (2) to build in from the start a serious evaluation effort that would yield some hard answers about the success and failure rate of this kind of intervention.

Implications for Public Policy

The political climate of the time seemed receptive to this pragmatic approach based on locally tested experience; disenchantment with large programs, whether justified or not, was widespread.

Today, less than four years later, the pendulum appears to have begun to swing back. Comprehensive welfare reform is again a top item on Washington's agenda, with major implications for systems and sources of payment, for federal responsibilities, and for local public assistance programs and millions of individuals. Welfare reform will also have a major impact on manpower programs.

Meanwhile, new allocations for public service employment under the CETA system in-

cluded in the President's economic stimulus package of 1977 will more than double the size of that program over the next year. And the new Youth Employment Bill provides for nearly $1 billion in comprehensive new program initiatives over the coming twelve months. In other social-service delivery areas too, such as health care, the emphasis is on comprehensive reform and reorganization.

Much of this activity can be attributed to the natural ferment in a new Administration. The creation of a national forum in which social program concerns can be seriously addressed and some of the old ones dusted off for a fresh airing is, I think, long overdue and generally to the good. What causes concern to some of us veterans of social programs is their implementation, rather than their substantive direction. For in the end, that process is likely to be more significant in what gets done or remains undone than the contents of a bill. What worries many of us is that we may repeat the old mistake of rushing into large programs without adequate preparation. To be sure, I am only too aware of and very allergic to the opposite problem of studying and planning a program idea to death. But there is a path between these extremes: active programming, based on adequate information and care in planning and design, and perhaps, most important, attention to the capability of local communities and agencies to deliver what a program requires of them.

It would be both presumptuous and unrealistic to think that we can or should significantly affect the course of national trends toward comprehensive reform and social program development. What we *can* do is try to preserve our options. We can try not to let the momentum of current trends totally overwhelm the well-planned and structured demonstration approach of the past few years. Continued development of these demonstra-

tions is not incompatible with Washington's more comprehensive initiatives. Since supported work is the topic of this conference, it might be useful to consider the national supported-work program as an example of the role that demonstration can play.

Results to Date

The groups involved with supported work are AFDC recipients, high school drop-outs, former drug addicts and criminal offenders, ex-alcoholics, and former mental patients.

Among the things that can be said now are these:

First, a substantial number of people who have traditionally been viewed as unemployable or unwilling to work are in fact able and anxious to work. Of the first 3,000 participants in the supported-work demonstration, more than 75 per cent were under 30 years of age; more than 55 per cent were receiving some form of transfer payments at the time of their enrollment; almost 20 per cent had never worked before and, of those who had, the average period they had worked in the six months prior to enrollment was about eight weeks. More than 60 per cent had not completed high school. The adolescents in the group had spent an average of over nine months in penal institutions. Ex-offenders and ex-addicts, averaging four adult convictions apiece, each had an average of three-and-a-half years behind bars.

The participants' average length of stay in the program was more than nine months, and during that time their attendance rate exceeded 80 per cent. Of those who have left, some 20 per cent were fired for inadequate performance, but almost 30 per cent have made the transition to regular jobs even though the time limits for staying in the program (twelve to eighteen months) have not been reached by the majority of participants.

Second, those who have moved into regular jobs and who had previously been written off as unemployable have shown that they can work productively and that people are prepared to pay for the goods and services they produce.

In addition to financing from the federal government, state and local agencies, and the Foundation, the supported-work projects also generate revenue through the sale of goods and services. The thirteen supported-work projects are now generating some $3.5 million annually for work performed by participants, amounting to 20 per cent of their gross income, with some of the projects yielding as much as 30 per cent. This means that supported work can reduce its net public subsidy.

Third, as indicated earlier, income transfer payments can be used as an investment in the future employability and productivity of individuals by partially financing the salaries of workers who would otherwise be idle and receive those transfer payments directly. Such payments are combined with other funds, such as training grants, and used to pay the wages for full-time supported-work jobs. It is a concept that offers little financial risk and may produce substantial financial benefits.

Fourth, experience indicates that useful jobs, which have community support and produce needed goods and services, can be developed.

Fifth, the demonstration has provided the opportunity to build leadership, management, and local institutional capability. Although a handful of the operating programs already had an established performance record when they joined the national demonstration, the majority of local programs were newly created. The demonstration has allowed them to grow and develop at a reasonable pace. An example of this development is

that the local programs have raised nearly 40 per cent of the $30 million cost of the first two operating years of the demonstration. They have done this through a variety of techniques, such as contracting for the production of goods and services, using federal bloc grants or revenue-sharing money, and converting income transfers into wages.

Possible Future Directions

Despite the positive indications flowing from the first two years of operating experience, definitive judgments about the accomplishments and potential of supported work cannot yet be made. The evaluation of the major implications of the program, such as long-term earnings, reduction of crime and drug use, and reduction of transfer payment costs, will not yield findings for at least another year. Whatever these findings may be, it is clear that this and earlier employment demonstrations have only begun to test the limits of job creation as a strategy for dealing with dependent populations. The need to explore its potentials and limits remains important and urgent.

In the meantime, I believe that further exploration and testing of supported work can and should proceed. So far, it is being tested in thirteen sites. By adding participants, locations, and different dependent groups more questions can be explored, such as these:

—Despite the large numbers who have volunteered for supported work from the present target populations, what would be the participation of these or other dependent groups in greatly expanded programs?

—Although the present program has experienced relatively little difficulty in creating work projects for up to 250 participants in given localities, what would happen if an attempt were made to go to a larger-scale program?

—What target populations receiving transfer payments, or individuals within those populations, can be expected to benefit from job-creation programs?

Given the interest in "welfare mothers," it may be useful to take a brief look at the supported-work experience with this group, which receives assistance under the Aid to Families with Dependent Children program (AFDC). (The national demonstration was not designed to address this population in its entirety. An effort was made to focus on long-term welfare recipients whose contact with the labor market had been nonexistent or marginal at best.)

Despite their long-term welfare dependency and lack of work experience or training, the AFDC population in supported work has performed exceedingly well. Compared with other target groups, AFDC mothers have better attendance and punctuality records and stay longer in the program. The consensus of the data and of the operators is that the AFDC population is the most reliable and productive of the supported-work target groups.

These findings hold important lessons for those involved in the current welfare reform debate. But, just as clearly, more experimentation needs to be done with larger numbers, different localities, and different subsets of the welfare population for us to know with certainty what we are talking about.

For example, the supported-work demonstration has concentrated primarily on four groups: addicts, offenders, youth, and AFDC mothers. But job-creation programs for other dependent groups should also be tested. In designing the demonstration several years ago, it did not occur to us that supported work might be an appropriate vehicle for employing former mental patients. The idea was introduced by Advocap, here in Wisconsin. The success of the project has added an important dimension to the demonstration. It is this kind

of imaginative application of the program to other dependent groups that should be tested on a broader scale.

And there are still other issues that could be addressed through structured expansion and demonstration:

—What is the cost to government of larger-scale job-creation programs?

—What are the long-term savings in transfer payments?

—Can other kinds of transfer payments be diverted into a wage pool for more productive use in participants' salaries?

—Can existing social-service resources such as Medicaid, Medicare, and Title XX be used to pay for the goods and services produced by newly created jobs?

—Can the economy absorb large numbers of traditionally dependent individuals into the work force?

—Can permanently subsidized yet socially useful and cost-effective jobs be created for those groups or individuals who are unable to make the transition to the regular labor market?

The answers to these questions are within reach. We know that because the supported work demonstration is getting at some of them. But, I repeat, if only for further emphasis, they are answers that may well be inadvertently lost in the enthusiasm for wholesale expansion and reform that we now see at both the federal and local levels. We *can* have it both ways. *Large-scale program development and reform only increase the need for structured demonstration.*

The proposed expansion of supported work here in Wisconsin may be an important next step in the phased approach to program development. I would caution you only on the need for careful design and coordination not only within the State but also with other states that are moving in the same direction. Even

though locally developed and operated programs may prove successful, they are not likely to yield the information necessary for useful comparisons or large-scale replication unless their designs and evaluations are coordinated. The most important thing we need is knowledge about what works for whom. Unless we keep this in mind in all our program demonstrations, we will again lose a significant opportunity to make inroads on some of the most persistent, draining, and demeaning social problems of our society.

THREE RELATED FORD FOUNDATION PROGRAMS

Like supported work, a number of research and demonstration programs that the Foundation is assisting have three elements in common: They are designed to take advantage of local initiative and administration, to be implemented without new legislation, and to be financed by the redirection of existing resources.

Tenant Management

The national tenant management program is aimed at providing better management for low-income public housing projects by utilizing the ability of tenants themselves to manage and operate their developments. Supported by the Foundation and by the U.S. Department of Housing and Urban Development, it is being tested in six cities under the supervision of the Manpower Demonstration Research Corporation, which also supervises the national demonstration of supported work. The tenant management program is based on the Foundation-assisted model developed in St. Louis, where the recently demolished Pruitt-Igoe complex was a symbol of the failure of national public housing policies.

The St. Louis Tenant Affairs Board, formed in 1973, has developed tenant management corporations in five public housing developments. With intensive training and technical assistance, and strong support from the local housing authority and the city administration, tenant managers have taken over the operation of their buildings. The results have included increased rent collections, decreased vandalism and crime, and improved maintenance. To complement these efforts a variety of sound service, employment, and educational programs have been mounted.

Program support for local housing authorities participating in the national demonstration is provided from existing resources in HUD's

Target Projects Program. Its purpose is to encourage new kinds of operating programs at the same time that local authorities receive HUD aid for capital improvements of their public housing sites.

It is still too early to tell whether the St. Louis model can make a successful transition to other localities and tenant groups. The critical questions to be answered in the evaluation of the program which is due in 1979, are whether tenant management works, how it works, and whether it can enhance the quality of life in public housing communities elsewhere as it has done in St. Louis.

Community Development Corporations

Community development corporations (CDCs) are private, nonprofit organizations in urban and rural areas that administer broad government-funded social and economic programs. The Foundation began its support of CDCs in 1967 and now gives major assistance to twelve established corporations.* The Foundation also supports a group of organizations that provide technical assistance to CDCs and related community groups.

Among the characteristics shared by these CDCs are strong entrepreneurial leadership and skilled staffs, a solid base of community support, a capacity to undertake large-scale

*The twelve are Bedford-Stuyvesant Restoration Corporation (Brooklyn), Watts Labor Community Action Corporation (Los Angeles), The Woodlawn Organization (Chicago), Southeast Alabama Self-Help Association (Tuskegee), Mississippi Action for Community Education (Greenville), Zion Non-Profit Charitable Trust (Philadelphia), and Southern Development Foundation (Lafayette, La.), serving black communities; Spanish Speaking Unity Council (Oakland), Mexican American Unity Council (San Antonio), Chicanos Por La Causa (Phoenix), and Home Education Livelihood Program (New Mexico), serving Hispanic areas; and Southeast Development, Inc. (Baltimore), which serves a predominantly white ethnic community.

projects of physical improvement and business development in the communities they serve, and the ability to work cooperatively with governmental agencies without sacrificing their independence and community advocacy role.

As a set of demonstrations, the CDCs are still not at a point where definitive judgments can be made about their capabilities. Nevertheless, so far they have demonstrated an ability to mobilize and manage resources and large amounts of private and public funds responsibly and effectively, and often with ingenuity. They have developed competence in a broad range of activities, such as job training, social services for youth and the elderly, child-and health-care services, housing rehabilitation, and commercial and industrial development.

CDCs may provide a more responsive and less costly alternative to government bureaucracies in the delivery of services to communities and neighborhoods. Moreover, they provide a workable method of assuring local initiative in and community-based implementation of large-scale national programs, such as employment, community crime control, and housing rehabilitation.

Neighborhood Housing Services

"Redlining" is the practice of banks and other mortgage lending institutions to refuse to make loans in neighborhoods that appear to be declining because of social, economic, or racial changes. Neighborhood Housing Servives (NHS) has proved to be an effective way of breaking the circle of redlining and neighborhood disintegration and of saving basically sound housing in areas where there is a sufficiently high ratio of home ownership.

NHS evolved in Pittsburgh as a program that successfully revitalized a neighborhood through the joint efforts of home owners, local

lending institutions, city authorities, foundations, and a small well-trained staff. The process involved persuading the city to make a systematic code inspection of all houses in the target area so that their defects could be identified and to provide needed improvements and services to the neighborhood. The NHS staff separated home improvement and mortgage loan applications into two groups: those that met lending criteria and those that did not. Cooperating lending institutions agreed to make all "bankable" loans in the neighborhood, and foundations contributed to a loan pool for use by "high-risk" borrowers, who were given flexible terms and interest rates that they could handle. Home owners were also helped in contracting for needed repairs.

Building on the success of the Pittsburgh model, the Foundation, working with the Federal Home Loan Bank Board, helped to establish pilot NHS projects in Dallas, Oakland, Baltimore, Washington, D.C., and San Antonio. Other foundations assisted NHS programs in other cities. Based on experience with these pilots, a national Urban Reinvestment Task Force was formed in Washington by the Federal Home Loan Bank Board and HUD to extend the NHS program nationwide. There are programs now fully or partially operating in forty cities, and legislation has been introduced in Congress to fund the Urban Reinvestment Task Force as an independent agency with a direct federal appropriation. New Foundation grants to local NHS sites are being used to develop other experiments in neighborhood preservation, such as testing the concept of prepaid housing maintenance services and revitalization of neighborhood retail and commercial areas.

In many cities high-risk loan pools can now be established with existing government community development funds, thus requiring

no additional appropriations. And although NHS is not the answer for every neighborhood, it has proved to be a cost-effective solution for a substantial number. Moreover, it is evidence of the benefits of strong community participation in a well-structured program.